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Memorandum of Conversation

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DATE: December 22, 1959

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SUBJECT: Volta Project

PARTICIPANTS: Mr. Chad Calhoun, Kaiser Industries
Mr. G. Richard Ward, Executive Assistant
Mr. J.C. Satterthwaite, Assistant Secretary for African Affairs
Mr. George Dolgin, AF
Robert L. Ware, Jr., AFS

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On December 22, Mr. Calhoun and Mr. Ward called on Mr. Satterthwaite at their request to inform the Department of the developments of Mr. Calhoun's recent trip to Accra in which he presented to the Government of Ghana, Kaiser Engineering and Constructors, Inc. proposals for complete engineering services. Mr. Calhoun said that these proposals included detailed design, construction drawings and preparation of tender documents as well as proposals for further preliminary works at the dam site. Mr. Calhoun said that it had been decided to call the consortium the Volta Aluminum Company, Limited (VALCO). Mr. Calhoun was accompanied to Ghana by Mr. Rhodes, President of the Kaiser Aluminum Company, and an attorney who had remained in Ghana to set up the firm.

Mr. Calhoun said that a meeting of the proposed consortium members had been held on December 2, and views were expressed regarding the relationship and responsibility of both the Government of Ghana and the company. The draft had been presented to the Government of Ghana with no substantive changes.

Mr. Calhoun indicated that the meeting in Ghana with Prime Minister Nkrumah and other officials reviewed all aspects of the consortium. He said that British Aluminum would now probably come into the consortium with a deposit of $75,000. When this develops, there will be four American, one Canadian, and one British firm participating for a total of $300,000, with Kaiser holding 33 1/3 per cent or more of the shares. Upon completion of the discussions, it was agreed that a Principles of Agreement would be signed on the 16th of December. The agreement covered the following points:

(a) The general aim

NONE

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(a) The general aim in considering both the hydro-electric project and the smelter should be related to the first of September 1960 as the date on which final decisions might be reached;

(b) That negotiations should proceed on the basis of the principles of agreement between the Ghana Government and the Volta Aluminum Company, Ltd., (hereafter known as VALCO) to finalize the power contract, and a master agreement by the first of September 1960;

(c) Kaiser Engineers and Constructors, Inc., should proceed with the preparation of detail design and drawings, and the preparations of tender documents, in order to be ready for international tender by the first of September 1960. Mr. Calhoun said that although Mr. Nkrumah had indicated that he would prefer that Kaiser accept the contract without tender, Mr. Calhoun had convinced him that in order to eliminate any questions by the National Assembly or others of collusion, it was better that they all should go out on international bid.

In addition to the preliminary works which had already been instituted at the dam site, it was assured that the following should also be undertaken: the order of two suction dredges, to the value of £160,000. Mr. Calhoun said that these again were not placed on tender as there were only two firms who were capable of this construction. He expected that the manufacturer would take from six to nine months after the placing of an order, and in order to save time it was advisable to place direct orders. In addition, a power cost study was to be completed, and finally, the smelter site report was to be completed.

Mr. Calhoun continued by saying that the cost to date of contracts by Kaiser for the Volta Project was ten million dollars.

Mr. Calhoun said that during the visit he strongly urged Nkrumah to invite IBRD to do an economic survey, since the Bank would require one before they would agree to participate in the financing of the project. He felt the IBRD participation would be desirable. He said that he would be talking to IBRD the following day and report on recent developments.

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